

Finance Committee
Fiscal Preliminary Meeting
4:30p.m.
Monday, June 7th, 2021

ROLL CALL

Present - Mayor Grove, Chairman Ptak, Aldermen Demes, Bacidore, Reynolds, Lavieri (arrived at 4:33pm) , Jeppson, Herndon (arrived at 4:37pm), Crane

Absent - Alderman Bacidore

A quorum was present.

Others Present: Economic Development Director Leah Inman, Finance Director John Duncan, Deputy Clerk Brent Bader, Superintendent of Public Works Patrick Watson, Fire Chief Jerry Janick

Preliminary Budget for Fiscal Year 2021-2022

Finance Director John Duncan made all aldermen a hard copy. He spoke in regards to this being the 1st draft of the appropriations. The first sheet to this packet gives the cash positions for all the funds that the aldermen see on a monthly basis. General Fund is Fund 1 and is currently at negative \$1.7 million. It was at \$1.9-2 million before the start of the last fiscal year. The city has not added to the deficit. Last year was a nice year due to grant funding that was then put into the general fund. The general fund is still \$1.7 million dollars in the red.

Alderman Demes questioned the financial situation of the last administration in comparison to the current administration. Finance Director Duncan did state that the city once did fund transfers. The city does not do any of the fund transfers anymore and has not taken on new debt. The city hasn't gone out for bonding since 2011. This is allowing the city to see improvement.

On the cash allocation report, the General Fund is at negative 1.7 million. There is a large balance in the Garbage Fund. Duncan will come back to this topic later and discuss how the money from this event could be used from the Garbage Fund.

The Parks and Rec is fund 17 and is \$44,000 in the red right now. This is due to unpaid FICAs taxes. They have been paid. The city did receive a \$10,000 refund on that payment. Its cash position will be improving with all the summer events. Parks will come back around, projecting by year's end.

Building and Grounds was once started to create a position. The city still allocates a lot to that fund and it is an extension of the general fund.

The Ambulance Fund is a strong fund, \$835,000 in that fund. There is a separate bank account within that fund due to numerous transfer amounts happening often and the city did not want this fund to have any access to the city's bank account.

Rotary park fund has had \$228,000 expended from the grant projects. Also, from the grant projects, \$200,000 came in this week and a portion of the Oslad fund. It is a \$800,000 grant program. The City will spend \$450-500,000 and pay the rest with TIF. It is currently down now because of expenses and revenue will be coming back.

Water and Sewer rates have been the best in a long time. Aldermen Lavieri asked about freezing the rates last year. It is not suggested and not necessary to do that at this time.

Funds 76-84 are all TIFs. One can look at those TIFs as one fund, funds can be transferred to and from those TIFs. The city will need to make a decision on the waste/water treatment plant.

Finance Director Duncan will explain the effect that will happen to both funds to help in the city's decision making.

Aldermen Jeppson questioned Fund 53. Finance Director Duncan explained that it is considered a Parking Enterprise. This is when our police department has impounds, tows, rent spots, and parking tickets. All these funds build up in the Parking Enterprise fund. This is not a fund on the tax levy. There are freedoms in transferring this fund. There is almost \$900,000 in it.

When the city analyzes the new Public Works Building, it will be divided into three different funds to pay for it, water, sewer, and the general fund. It may be 40% street department, 40% water department., and 20% sewer department to be the potential split. The proposal could be to use a TIF or maybe use this Park Enterprise fund to support the water portion of the new Public Works split. Not bonding and not borrowing would be a best case scenario when the city has the funds within here to pay for it.

The Celebrate Lights funds are kept track outside the city funds. The LPAC, Farmer's Market, and Celebration of Lights have their own shared checkbook.

The Drug Fund is not in this packet but it has over one million dollars in it. Mayor Grove explained how Chief Smudzinski is willing to use some of those monies to pay for a position like Officer Zebron's. He appreciates that Chief Smudzinski is willing to do this and it only makes sense to use those monies for such a thing.

Alderman Crane asked in regards to what was paid for under Buildings and Grounds. Duncan began by explaining how the City and Park have a working agreement. The Park does not pay for all of its expenses. The city buys chemicals, insurance, and work compensation. The Park's share does not get paid for by fund 17, it gets paid for by Buildings and Grounds fund. The Park Electric then gets billed under Fund 20.

Aldermen Demes questioned if the last two vehicles for the police department were purchased from the drug fund. Duncan assured them that they did.

Finance Director Duncan continued by explaining how page 1 shows the revenues of the general fund. The property tax is on the levy. The Combination for Police and Fire Pensions is \$1.8 million. On city water bills, there is a 5% utility tax which brings in a significant amount of revenue. The Sand mining revenue, \$75,000 Is Illinois Cement impact fee. This is a new revenue. The city will continue to get those checks monthly.

Finance Director Duncan said the big thing to understand and note in the revenue portion is \$1.3 million budgeted for grant income. Safe route to school grant is \$200,000 and then \$1.1 million grant for COVID. However, if the city does not get it, the city won't spend it. Also, \$50,000 in income for demolition work.

In the Expense section, salaries and salary related expenses are the biggest portion to all these funds.

\$8,000 is in operating expenses for potentially a purchase of iPads for all aldermen to access Council documents. There has been a huge cost when creating the packets for every aldermen, every meeting.

There was a little bit more budgeted on the attorneys. There will be potential negotiations. There are several vendors in the city attorney salary.

For the economic development portion, the city pays annual \$3,000 to NCICG and also to subscriptions for potential approval.

The Police Department is about half of general funds, \$4.2 million dollars. \$1.6 million of that being the contribution to the pension. \$415,000 for health insurance, liability insurance, and then payroll of sergeants and lieutenants and patrolmen being a large portion of that.

Mayor Grove asked to go back to the training budget. Duncan clarified that the \$8,000 budgeted in under operating expense would include training not just for the iPads.

Finance Director Duncan had a couple of notes on the Fire Department Budget. Potentially two new firefighters this year. One that the city just hired and anticipating a retirement at the end of this calendar year. There will be one hired later in the year. Those two firefighters need gear and equipment. There is \$40,000 built in for a new generator. Chief Janiek spoke in regards to the current generator. It has reached the end of its life, and the cooling system is gone. It will run for 10 mins and then cut out. Once the department loses everything, they lose their phones, garage doors won't open, and the city will even lose its tornado siren. Aldermen Herndon suggested going to purchase that right now.

Aldermen Jeppson had a question in regards to the Police and Fire Budget. He asked what the other professional services for \$95,000 were for. Duncan explained that this is the amount paid to IVRD for dispatch services. This is the city's proportionate share to Illinois Valley Regional Dispatch. The Regional Dispatch will soon incur some additional remodeling fees soon. The building is leased from the city of Peru for \$10/year. The improvements that the city of LaSalle makes inside the building are ours and the outside are on the city of Peru. The last quote for a remodel was for \$800,000 done a few years back. After speaking with Mike Kmetz and the IVRD committee it has been decided that remodeling the Peru location will be the answer.

The Street Department has built in \$50,000 in the maintenance service demolition. Demolition of homes have always been in the street department budget. The next few homes on the radar for demo are the following: 945 2nd, 1154 4th, 902 9th. The city has anticipated grant funds for these. There is also a demo in downtown TIF for 1001 1st St. That will be a pretty significant demo. If the city gets possession of the building, the city will use Downtown TIF 5 to demo it.

Also in the street department budget, a purchase of a batwing mower and tractor and 60-inch mower for combo price of \$75,000, larger amount going to the batwing mower and tractor. Superintendent Watson explained how the Batwing will be used for the roadside ditches and the 60-inch mower will be used for a multi-purpose vehicle. Duncan continued to explain how \$135,000 budgeted for a vehicle purchase. One plow truck on the budget to consider for purchase this fiscal year. Watson explained how this will be more of a rural plow truck. Three of the current orange trucks have beds that are rotting out. The city would hope to slowly replace them. In continuation with the street department, \$35,000 has been budgeted, \$25,000 of that was to fix signs. Safe route to school grant is the expense to do the sidewalk and repairs. This is a \$250,000 project, with a \$200,000 return.

Alderman Crane asked when the city could potentially hire a full timer or couple part timers for the Street and Water Department. Mayor meets with the foreman twice a week to see where the department is and what they may need. The mayor does not feel that another employee is needed when we have the guys to do the work currently.

The City Hall building has a significant amount in the budget this year. There is \$1.1 million in grant funds that were shown in the revenue would be part of the capital improvement project for the city hall building. Roof project and water damage is significant to this building. Roof and tuck points are in serious need of getting done. Without this grant money, the city would not have the opportunity to do such a project. Those two projects alone will probably exhaust the grant funds. The steps outside the police department will also get done. Chief Smudzinski informed Finance Director Duncan that he would be able to use some of the drug money for that part of the project. Majority of the council agreed that we need to keep the integrity of the building. Aldermen Demes suggested fundraising and asking local families that would donate to the city hall. Economic Developer Inman stated that local counties are getting their funding now and municipalities will shortly thereafter. These grant monies will be coming in under what the state is calling the ARP act. City Engineer Brown is getting estimates now and will narrow down, to put contingencies in for roof repair. There is more than just roof and tuck pointing. There will be more vendors than just a roofer. Gutters, sealing, painting, etc. will also happen when it comes to do this project.

The current arrangement for Superintendent of Public Works is that Patrick Watson is receiving a stipend for this position. Watson is still the water and treatment operator. The stipend that he receives is separate from the general fund and a portion comes from water and sewer. That fund went way down.

There is a Projected Expenses and Net Position of \$900,000. This is a budgeted appropriation. It can be looked at as a working document of what the city's priorities are.

Alderman Lavieri asked if IVAC dues were put into the budget. There is a new director so Lavieri thought the council may want to look at rejoining IVAC. Duncan stated that it can be talked about and added.

Aldermen Jeppson mentioned that at a Parks and Rec meeting that Lynda mentioned that a pool liner will be a necessity this year. Duncan stated that he thought it was budgeted in under the pool.

Under the Audit fund, \$49,000 is what the city anticipates spending for its accounting services.

Under the Garbage Fund, \$30,000 has been budgeted for an E-recycling event. The city's garbage contract will be up Jan 2023.

Under MFT, the funds from Rebuild Illinois are coming in. The city is anticipating \$350,000 MFT funds coming in. Then anticipating \$375,000 to be expended on the Rebuild grant. The city is using multiple revenue sources for the 24th St project. Of that project on 24th St., \$300,000 coming out of the Rebuild revenues and then the other \$75,000 on the Crosat St.

Attorney McPhederan spoke in regards to the 24th St. project. It has been a work in progress with the City of Peru. The indication was that it would be difficult but that it could potentially be accomplished this year. Duncan stated that the original plan was for \$700,000 coming out of TIF 8, \$300,000 coming out from Rebuild, for this \$1 million dollar project. The city is currently receiving the RBI, Rebuild Illinois, Funds totalling \$630,000. Engineer Brown discussed how if it gets done this year, it will not be able to come out of the RBI Funds. The city has been on hold with this project because Peru was waiting for the mayoral election, if it has to go to IDOT then 4 months before the city can bid it, discussion that the city will not be using REBUILD funds. Duncan stated that the city can do the whole project with TIF, but adjustment in budget will have to be made. The city is in the position to have it bidded out in a month. There are many other projects that need to be done and can use the RBI Funds. The funds will not go to waste.

Brown stated that the 24th St project will be set up for 3 lanes. It is designed for that but the project will be a 2 lane project. Aldermen Crane stated that if the speed limit increases then a sidewalk should be added. Brown discussed that there is no room on the south side to put one. He would transfer the one house's power to Peru power. The old poles could be pulled to the old city motors but it is very limited right away due to the house being right there.

The city has \$180,000 on planned street projects, \$100,000 for Rt. 351 and \$80,000 on this year's motor fuel tax project. That is all the spending that the city can do out of the MFT fund this year.

Fund 16 is for IMRF, \$143,000 revenue and expenses.

For Parks and Rec, the pool has \$268,500 in projected revenues. Duncan stated that the pool liner is not budgeted, like he originally thought. They have budgeted their everyday expenses only. Alderman Jeppson stated that the Parks and Recreation Committee has discussed how there is \$300,000-\$400,000 of future park repairs but the pool liner is their number one priority this year.

General fund employees are paid out of the social sec fund, it is separate and the city can levy it. Buildings and Grounds are only getting their proportionate share of their replacement tax.

Library has property tax and a portion of replacement tax along with \$85,000 of Carus money donations that come in. Anticipated \$396,000 of revenue. \$1.1 million in the bank. The library is increasing the levy, they do not have the bonds. Probably more like a 15-year plan. There is a healthy fund balance. Building bonds only this year and next year. There will be a truth and taxation hearing. The rate from the bond side will be flipped to the non-bond side. There will not be an increase in taxes. Once the two current bonds are cleaned up, the library financial status will be better.

For the Ambulance fund, PSI pays to the state \$10,000, Health care and family services are new. One thing that is budgeted for the ambulance fund is to replace 415. This would be a non transport vehicle. With the purchase of a pickup truck, it will be a resourceful vehicle purchase used for hauling equipment or ambulance ATVs. This purchase will be taken out of ambulance funds. Currently in the ambulance fund, there is \$800,000 revenues expected and \$666,000 expenses. This fund is already very healthy so purchases like these can happen.

Rotary Park fund has two grants: Park grant and IDNR grant (OSLAD Grant). The City brought in a couple hundred thousand with the OSLAD grant and the rest of the project will be funded by taking a Transfer from TIF1 into the Rotary Park fund. The Rotary Park fund will then pay for the two grant projects. The city has \$500,000 for OSLAD and \$70,000 for the Recreation trails. This will be above what the grant money is. This will balance out the payment for the Rotary Park fund.

MFT bond funds have to have their own fund. The MFT fund transfers \$117,000 to the MFT bond fund. The bond fund will be paid for from out of the bond, that will then transfer from the MFT fund. The bond has to be its own fund and the bond has to be its own fund.

The water department fund is the only revenue that this fund receives from charges from water bills. The city is also anticipating an EPA loan and forgiveness grant of \$3.6

million in water fund revenues. All others are fixed expenses until the new vehicle budgeted in for \$60,000.

Significant projects in capital improvement totaling \$3 million dollars. The following are some of the projects that are budgeted in for, \$700,000 for a new well, \$300,000 for 9th Street booster, 1 million for civic tower, \$50,000 for hydrant and valve replacement, and proportionate share for public works building for \$800,000. These projects are possible because there is \$4.7 million in the water department fund in the bank.

Aldermen Crane asked to look into getting a decent generator. A generator to keep the high service pump going. Duncan added that this will definitely be added to the budget after getting some pricing.

Under the Sewer Fund, \$1.8 million in capital improvement projects. The sewer is paying \$586,182.00 for the payment onto the sewer treatment plant. Discussion will need to happen in regards to the TIF fund to pay for that or the sewer fund. If the TIF fund pays for it, \$586,000 will transfer into the sewer fund. The question is, does the city let the TIF fund \$586,000 in TIF money or does the city let the sewer pay it. This will be more of a discussion later.

The following are some of the \$1.8 million capital improvement projects including the following, \$75,000 in Hegeler separation, \$30,000 in Inlet repairs, with the big project of \$1.1 million of the ongoing continual sewer separation project, \$250,000 in road repairs and the sewer's proportionate share of \$400,000 for the new Public Works building. City Engineer Brian Brown said that the amounts may need to be adjusted a bit with this fund budget. He thought the separation project was budgeted for \$1.42 million and \$300,000 for road repairs. After adjustments are made to the sewer fund, \$2 million will be expended more than what is brought in. There is \$4.5 million in surplus to sustain the sewer fund.

Parking fund 53 has \$900,000. This has brought in \$41,000. \$30,000 has been budgeted for capital improvement projects. Restriping the Bruno lot, striping the 2nd street lot and fixing potholes are justifiable projects to be done.

TIFs bring in property tax revenue. Some notes in regards to some of the TIFs. Under TIF 1, most of the fees go right back out in intergovernmental agreements. TIF 1 has already been renewed. Once a TIF meets its life expectancy, it can be extended for 12 years, which the city did for TIF 1.

TIF 5 includes the majority of downtown work and the library. \$250,000 has been budgeted for the Library's HVAC system. It has been budgeted under TIF 5 for Green space to lot 540 1st St.

TIF 8 includes the proportionate share of \$250,000 Thortons, and the 24th St Project, and potential share of the Public Works building. If all the projects are accomplished, there will be a net position of all the TIFs which will be \$900,000 in the hole.

Within TIF1, the city has \$1.7 million revenue, \$900,000 in IGAs, and \$6,000 in developmental, \$45,000 in legal expenses. TIF 1 will bring in \$800,000 if the city does not do anything with it.

TIF1 expires in 2030 and should bring in \$8.1 million dollars in revenue. Duncan continued to explain each of the TIFs, when they renew and how much each would bring in.

TIF 3 nets about \$100,000/year (year 2032)

TIF 4 nets \$100,000/year (year 2030)

TIF 5 nets about \$185,000/year (year 2031)

TIF 6 \$168,000/year, will (year 2030)

TIF 7 \$31,000/year (year 2030)

TIF 8 \$106,000/year (year 2035)

If the city fast forwards these TIFs to their life expectancy, the city will have \$15 million dollars in revenue. The city pays \$576,000/year on the WasteWater treatment plant loan and there will be \$6 million left to pay on the the WasteWater Treatment plan loan. If the city paid for that out for TIF, \$9 million left in the fund. If the city decides to use the sewer to pay for the WasteWater loan, the Sewer Fund makes about \$2.25 million in revenue expenses and they have about \$1.5 million in out of pocket expenses. The \$700,000 difference is how the city has been able to accrue the money. Duncan continued to explain a couple different reasons to use TIF to pay vs. using the Sewer fund to pay. TIF life is limited and the original plan was to use the TIF funds when this project was discussed years back. However, if the sewer funds are used, the funds will be used up quickly because there are many projects to do that may take a while but the funds will be gone quickly.

Duncan suggested putting the new Public Works building in the TIF, it is not currently in the TIF. The taxing bodies would probably support this decision. They are not missing any revenues from it. Instead of using \$800,000 from the parking/impound fund, use the TIF revenues. Then later transfer parking/impound funds to the general fund to offset the deficit. Pay for the WasteWater treat plant also with TIF funds to then

continue the path that the city is on. This plan does limit you on what is left in the TIF. Careful decisions will have to be made when it comes to projects like the 24th St. project.

Alderman Lavieri questioned when the The LP complex 10-year agreement ends, around 2022 the agreement will end and the city will pay \$100,000 to that TIF.

Alderman Jeppson questioned the \$360,000 land purchase for the Public Works building that was coming from the general fund. Duncan explained how the \$360,000 is going to get split a couple of different ways. Water can pay their proportionate share of it, sewer can pay their proportionate share of it, and the city can then transfer \$50,000 from donations. The \$50,000 donations/year from LPAC will help to pay for the building. Alderman Jeppson wants to make sure that the \$50,000/year donation from LPAC does continue to pay for what the council originally agreed upon.

The City Council can discuss at the next finance meeting if the city should expend \$10,000-\$15,000 of Herb Klein's fees to put a portion of the Public Works building into a TIF. This would give the authorities to use TIF funds for the balance.

Duncan then wanted the Council to think about and consider how to use wastewater treatment payment, whether it comes out of a TIF or from the Water Treatment budget only without the transfer into the TIF.

Aldermen Lavieri questioned whether the building needed to be in a TIF fund or not. Duncan confirmed that the new building has to be in a TIF fund and where you are relocating also has to be in the TIF.

Duncan explained how if it's a \$2 million project, there will be a \$800,000 expense to the general fund. The council needs to make the decision on where this amount will come from.

Economic Development Director Inman discussed how Herb Klein suggested adding any parcels or buildings to TIF 8 at this time. This would be the time to do it and would avoid any public hearings that would be necessary by adding these parcels to the TIF.

Chairman Ptak wanted to review what Finance Director Duncan was saying in regards to the payment of \$586,000 that comes out of the Sewer fund for the Wastewater, should come out of TIF.

Duncan discussed how this was his thinking and the city's final decision should not come from the opinion of the Finance Director. The final decision needs to come from the City Council and the department heads based on what is best for the city.

Duncan suggested that if the City decides to make this payment and leave it in the sewer, the city won't be able to do those other projects. City Engineer Brown suggested looking at how to review this form of payments annually. Duncan reminded the council that the city has the fund balance in the TIF and the fund balance in the Sewer.

Alderman Demes is worried about taking the funds out of the sewer. Once the City starts taking funds out, it then continues to happen more often. Last administration drained the sewer funds. He doesn't want the city to go down that road again.

Brown discussed that if the city takes from TIF and leaves the sewer fund alone, and if a project comes up, sewer related, the city can replace and fix it for sewer replacement if it is needed. You can not do that with a TIF, the project has to be located in a TIF in order to use the TIF funds. It leaves the City in a more flexible spot, leaning it in the sewer and paying for it out of the TIF. Brown stated that curb replacement can be done under sewer.

Duncan brought up how 24th Street is a big decision for the city council. The City should want to make a decision that will spur development for the property.

Chairman Ptak asked if there was an agreement with the current land owner. Duncan stated that it is annexed into lasalle and we do not have a TIF agreement.

City Engineer Brown was also concerned with putting money into 24th St. He brought this up to Jim as a concern. He hates to see the city spending 75% of the cost of the roadway and ultimately then earning 0% of the property.

Duncan continued by stating that the 24th St. TIF Road project is a million dollar project. If the wastewater treatment plant, then there is a limited TIF funds left.

City Engineer Brown stated how the estimate was just from him, not a bid but he thought it would be approximately 75% of \$1.3 million. The concern that Brown has with this number is that costs are higher this year, but local bidder stated that road costs are no different than any other year.

The 24th St project is .5 mile of clear frontage. It runs from Chartres to the ditch. Brown stated that it is a long stretch, approximately 160 acres.

Brown recommends that someone have discussion with the 24th St. property owner to see his intentions and maybe even a letter of commitment, once the city puts the money into the road.

Duncan reviewed some numbers with the council. There is about \$15 million left in TIF that is not accounted for. If the \$6 million from the water payment is moved, there will then be \$9 million forever. 24th St. Project could still be done. Duncan suggested that it would be a good decision to pay for the wastewater treatment plant out of TIF. If any tax payers question about rates going up, there has been a lot of repairs that have gone into it already. It is being done without bonding. In the end, the city is saving taxpayers money.

Chairman Ptak adjourned the meeting at 7:13pm.

A handwritten signature in black ink that reads "Amy Quinn". The signature is written in a cursive, flowing style.

Amy Quinn, City Clerk